

## 13 | 💰 Pricing: The Profit Lever You're Probably Ignoring

Ask most small business owners how they set their prices, and you'll get one of two answers:

1. "That's what the market allows."
2. "I just marked it up based on my costs."

Both are dangerous. If you want predictable profit—not just survival—you've got to master pricing.

Let's talk strategy, mindset, and why being "too cheap" can be just as bad (if not worse) than being overpriced.

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### 💡 Real Talk: Your Price Sends a Message

**True story:** Early in my coaching days, I quoted a fair price to a large potential client. They ghosted me. When I followed up, they said, "We think you're too cheap to be any good."

Ouch. But lesson learned: **Price isn't just about math. It's about perception.**

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### 💡 Why Pricing Matters More Than You Think

Price influences:

- How people *value* what you do
- How much they *trust* you
- Whether you can *reinvest* in your business

And it doesn't matter what you sell—whether it's donuts or data analytics—**lazy pricing is profit suicide.**

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### 🧴 Two Pricing Models: Which One Are You Using?

#### 1. Cost-Plus (aka Mark-up)

- Add up your costs
- Slap on a percentage

- Hope for the best

👉 Problem: If costs change or the market shifts, your margin vanishes.

## 2. Price-Led Costing (aka Strategy)

- Start with what the market will *pay*
- Engineer backwards to reduce costs
- Protect your profit margin from day one

This is how major brands win. They test, tweak, and design pricing around **real value perception**.

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### Let's Talk Donuts and Juice

How much does a donut cost?

Well... that depends:

- Are you in a gas station or an upscale bakery?
- Does it come with coffee?
- Is it “organic, hormone-free, gluten-aware”?

Same product. Wildly different price points.

**Lesson:** Pricing isn't about the item. It's about *context*, *perception*, and *positioning*.

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### Stop Selling at a Loss

If you're in a commodity business with razor-thin margins, you've got 3 options:

1. **Lower your costs**
2. **Add value** (real or perceived)
3. **Get out of that product line**

Don't wait until you're bleeding cash to make the call. **Survival requires strategy.**

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### Roadblocks to Profitable Pricing

## 1. Fear

- “What if no one buys at this price?”
- Flip it: What if they buy... and you lose money every time?

## 2. Laziness

- Pricing “by gut” is just gambling.
- Do the research. Test. Re-test. Learn.

## 3. Misunderstanding Cash Flow

- Just because the bank account isn’t empty doesn’t mean you’re profitable.

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### Pricing Is a System, Not a Shot in the Dark

Your job as a leader is to look at the entire business:

- What’s actually making money?
- What could be tweaked, bundled, or upgraded?
- Are you relying on one product to carry the whole operation?

 **Your goal isn’t to “win” every sale. It’s to win the right sales, at the right margin.**

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### Reflection Question

**What story is your pricing telling your customers—and is it the one you want them to hear?**

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### 4-Question Quiz

1. Why do you price your products/services the way you do?
  - A) Market says so
  - B) Gut feeling
  - C) Strategic, tested system
2. Do you know your profit margin on each product or service?

- A) Yes
  - B) Sort of
  - C) Not a clue
3. When was the last time you tested a price change?
- A) Recently
  - B) A year or more ago
  - C) Never
4. Are you adding perceived or real value to justify your price?
- A) Yes
  - B) Working on it
  - C) Not yet

👉 More C's than A's? It's time to rethink your pricing game.

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### **Business Coach Wrap-Up**

Pricing isn't a math problem—it's a **strategy problem**.

If you want to thrive (not just survive), don't copy competitors. Don't guess. Don't sell yourself short. Build a system that works *for* your business—not against it.

And never forget: **being the cheapest is rarely the smartest.**

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👉 What's your biggest pricing challenge right now? Email [Bob@coachfirm.com](mailto:Bob@coachfirm.com)

Helpful Resource:

Download the worksheet associated with this lesson: Pricing Worksheet